

Assembly Bill No. 2726

CHAPTER 361

An act to amend Sections 10511, 10512, and 10513 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 16, 2014. Filed with
Secretary of State September 16, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2726, Daly. University of California: real property sales.

Existing provisions of the California Constitution provide that the University of California constitutes a public trust and requires the university to be administered by the Regents of the University of California, a corporation in the form of a board, with full powers of organization and government, subject to legislative control only for specified purposes, including such competitive bidding procedures as may be applicable to the university by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods, and services.

Existing law requires the Regents of the University of California to accept in public a bid for the sale of University of California real property that offers the combination of price and terms which it deems to be in the best interest of the university. Public notice, as specified, is required when the regents sell real property valued in excess of \$500,000.

This bill would amend the public notice requirements to apply only when the property to be sold is valued in excess of \$1,000,000. This bill would also authorize the regents to consider the bidder's qualifications, as specified, in addition to terms and price in determining which bid or proposal is in the best interests of the university. The bill would also authorize the regents to reject all bids and proposals and would exempt additional property, such as property acquired by foreclosure, from the requirements of these provisions.

The people of the State of California do enact as follows:

SECTION 1. Section 10511 of the Public Contract Code is amended to read:

10511. (a) (1) The Regents of the University of California shall give public notice to bidders of the sale of University of California real property situated in California if the estimated value of the real property to be sold exceeds the amount specified in paragraph (2).

(2) Paragraph (1) shall apply to real property whose estimated value exceeds one million dollars (\$1,000,000) net to the seller.

(b) Notice of the sale of real property shall be by publication a minimum of six times, between 2 and 12 weeks preceding the day set for receiving bids, as follows:

(1) A minimum of three times in at least one newspaper of general circulation in the county in which the property is situated.

(2) At least three times in a newspaper of general circulation in the City of Los Angeles, the City of San Diego, the City of San Francisco, or the City of Sacramento, whichever is deemed most appropriate by the regents.

(3) The published notices shall specify the general description of the property, the source for bid materials and information, and the date and place for the receiving of sealed bids.

SEC. 2. Section 10512 of the Public Contract Code is amended to read:

10512. (a) On the date designated in the public notice, the sealed bids shall be publicly opened.

(b) (1) The regents shall accept in public the bid or proposal that it deems to offer the best combination of price, terms, and bidder's qualifications to the university, or reject all bids or proposals. A bidder's qualifications may include factors other than price and terms, such as the bidder's ability to complete the transaction or to secure development entitlements.

(2) If a successful bidder fails to perform in the manner specified, the regents may, at their sole option and without further notice, accept, from those remaining bids or proposals submitted and opened in public pursuant to subdivision (a), the bid or proposal that it deems to offer the best combination of price, terms, and bidder's qualifications to the university.

SEC. 3. Section 10513 of the Public Contract Code is amended to read:

10513. The publication and award procedures set forth in this article shall not be applicable to any of the following:

(a) The sale of an undivided or fractional ownership interest in real property.

(b) A sale of a right of use in real property that is less than fee ownership.

(c) A sale of real property subject to title conditions or restrictions on the university's ownership deriving from the origin of that ownership by gift, devise, or otherwise, if that sale would be inconsistent with those title conditions or restrictions.

(d) The disposition of real property acquired through exercise of a power of sale pursuant to a deed of trust, foreclosure, deed in lieu of foreclosure, transactions when property is accepted in settlement of a defaulted mortgage, legal settlement, or held as an asset in the university's investment portfolio.

(e) A sale of public lands under the direction of the federal land agent.

(f) A sale to a person or entity who will dedicate the real property to public use.

(g) A sale of real property acquired after January 1, 1985, through eminent domain proceedings initiated by the Regents of the University of California. In those cases, the person from whom the property was acquired shall be notified and be accorded an exclusive opportunity for 90 days to purchase the property at its fair market value. If the person fails to undertake proceedings to purchase the property within 90 days, the procedures specified

in Sections 10511 and 10512 shall then be followed in the sale of the property.

(h) An exchange to acquire real property of another person or entity for university purposes. Any exchange shall be upon terms and conditions agreed to by the exchanging parties.

O